



ROLE OF SHGs IN FINANCIAL INCLUSION OF WOMEN OF AHMEDABAD

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ABSTRACT

Financial inclusion has been a top aim for the Indian government since the Twelfth Five-Year Plan was implemented (2012-17). This means that everyone in society, especially those who have been marginalised or disadvantaged, has access to financial services such as basic savings bank accounts, credit facilities, and insurance at a fair cost. Financial inclusion The central and state governments have launched several initiatives to promote financial inclusion, including the Pradhan Mantri Jan Dhan Yojana, the Business Correspondent and Business Facilitator Model, Branchless Banking and Kisan Credit Card, the Pradhan Mantri Jeevan Jyoti Bima Yojana, the Pradhan Mantri Suraksha Bima Yojana, Self Help Groups, and others. Financial Inclusion attempts to unlock the country's growth potential by offering financial services to the country's massive, previously unserved population, which is the goal of Financial Inclusion. As part of this research, we'll look at how the SHG programme in Ahmedabad District has been implemented and what effect it has had on respondents' saving habits in connection to PMJDY and demographic characteristics. By drawing straws, it was determined to select 594 SHG members from a Gujarat hamlet as a sample for this initial data collection. In order to analyse the data, the researchers utilised a one-sample test, the chi square test, and the two-tail test.

KEYWORDS: Financial Inclusion, Self Help Group, PMJDY, Women.

1. INTRODUCTION:

The notion of SHG is well-known all across the world. The SHG procedure was initiated by Dr. Mohamad Yunus. His name is widely recognised across the globe. To understand how he came up with the idea of SHG, one needs look into his personal life and his unique work. The following example illustrates how Dr. Yunus' personality and vision evolved over time.

His birthplace is near Chittagong in Bangladesh and he is the son of Dr. Mohammad Yunus. It was his mother who was the housewife, and his father was a jeweller, as is the norm. Dr. Yunus was the oldest of his nine brothers. We were in good financial shape. East Pakistan was established at the same time when India was fighting for its independence.

The aid of his parents, he was able to travel to Pakistan, Canada, and India as a scout guide. In 1960, he received a bachelor's degree in economics from Dhaka University. After that, he began working for the federal government. After independence, two of Bangladesh's most influential people, Prof. Knurl Islam and Rehman Shobhan, met him there. In 1965, these economists helped Dr. Yunus secure a Fulbright fellowship for his work. Dr. Yunus lived in the United States for seven years. During this time, the most of his mental changes took place. Yunus formed a Bangladesh Information Center in the American Embassy, where he sought information from American liberation heroes. He started a journal.

A large number of people came into contact with him when he was investigating in 1976. His attention was drawn to the fact that many people were resorting to private lenders for money. Their personal demands couldn't be met by their employment earnings or a loan from a private lender. In order to help 45 workers, Dr. Yunus provided them with cash aid. Dr. Akhtar Hammed came up with a plan to help small firms get loans. Due to debt repayment difficulties, this proposal had to be scrapped. Bangladeshi banks refused to lend money to the poor. As a result, they sought financial aid from private money lenders. Dr. Yunus was displeased with the current state of affairs. He came up with the idea of creating a new rural bank plan in order to save the poor from the clutches of private lenders. He talked about it with others from the Agricultural Bank of Dhaka.

By helping people to become self-employed, SHGs are a powerful tool in the fight against poverty. It can be utilised to meet the fundamental needs of families in need of financial assistance. As a result of India's 1969 banking system nationalisation, a large amount of money was earmarked to meet the credit needs of the poor. One of the many objectives of the bank nationalisation programme was to make financial services more accessible to people in underserved areas. As a result of this strategy, the financial network went through an unprecedented expansion phase. Credit gained notoriety as a cure-all for a slew of issues associated with poverty. They spread a number of federally and state-backed financial services that benefited the disadvantaged. Credit packages and programmes tailored to the needs of the impoverished were part of the assistance.

Goals and accomplishments were admirable, but the poor in general and disadvantaged women specifically received little recognition. There were a number of institution-led initiatives to improve the quality of services for the disadvantaged

as a result of this. National Bank for Agriculture and Rural Development (NABARD, tasked with formulating policies for rural lending, providing technical assistance and liquidity support to banks as well as supervising rural credit institutions) was the pioneer in this.

In the early 1980s, the Indian government launched the Integrated Rural Development Programme (IRDP), a major credit initiative aimed at reducing poverty by providing subsidised bank loans to the country's poorest residents. Hoped that the destitute could benefit from low-cost finance to lift themselves out of a life of poverty.

It was also during this time that NABARD and MYRADA, a leading non-governmental organisation (NGO) in southern India conducted a series of research studies revealing a large number of the poorest of the poor remain outside the formal banking system, even though NABARD has many rural bank branches to serve them.

Many microfinance programmes aimed at helping the poor have been supported by the government and non-governmental organisations (NGOs) over the past 25 years. Even though some of these initiatives were a failure, the lessons acquired from them were put to use in the creation of more effective financial products. Microfinance institutions and regional rural banks with social missions are both included in this category. This new Swarnajayanti Gram Swarazagar Yojana was launched by the Indian government in 1999 to integrate and streamline multiple financing programmes (SGSY). Using a self-help group strategy, the SGSY has been tasked with offering bank-subsidised loans to low-income individuals in order to spur self-employment. As a result, the programmes have developed enormously.

Among India's poor, MFIs have earned notoriety as a kind of financial middleman. These include co-operatives, Grameen-inspired programmes and private sector MFIs. Andhra Pradesh's Cooperative Development Foundation and other regional and state organisations have encouraged the growth of thrift co-ops (CDF). In many ways, Grameen-style projects are a reflection of the bank's business strategy. Private sector MFIs include non-profit organisations that give financial assistance to the poor. Because they do not accept deposits, they are not considered banks.

It has recently become a popular tool for reducing poverty around the world because of its effectiveness. On June 3, 2011, the Indian government announced significant changes to MFIs in the annual budget. Furthermore, MFIs would be eligible for commercial borrowing from private banks, allowing for the expansion of the institutions' overall capacity. There are proposals to impose certain regulations for the microfinance industry in the budget, as well.

In order to achieve the goals of the banking sector nationalisation policy, several offshoots were created, some of which were successful and some of which were not, as demonstrated in the preceding discussions. Two of the most frequent forms of microfinance in India are Self-Help Groups (SHGs) and Microfinance Institutions (MFIs). The focus of this report is on the SHG's effectiveness in delivering financial services to the poor.

THE EMERGENCE OF SHGs IN INDIA:

Several experiments at the SCMG, supported by the Mysore Resettlement and Development Agency, led to the development of the concept of Self Help Groups in India (MYRADA). A shift to an alternative credit system for the poor was deemed necessary by MYRADA after experiments with cooperatives in some projects, along with efforts to make the current delivery system more appropriate and effective, as well as accepting and relating to a different system with its own rules and management. MYRADA agreed.

National Bank for Agriculture and Rural Development (NABARD) developed the pilot project for the establishment of Self-Help Groups (SHGs) in India based on the MYRADA initiative..

A study on "Savings and Credit Management of Self-Help Groups" was backed and funded by the National Bank for Agriculture and Rural Development (NABARD) in 1986-87, marking the beginning of government interest in informal group lending in India. NABARD made the first investment in the Self-Help Group movement back in 1987. (in response to a proposal from MYRADA submitted in 1986). MYRADA received a grant of 1 million Indian rupees in 1987 to help it find affinity groups, increase their capability, and match their savings after a period of three to six months..

An action research project on MYRADA's SCMG in 1986-87 was supported and funded by NABARD so that it could be evaluated as an instrument to serve the target populations. Main goal of this pilot project was the development of alternative lending methods that would combine informal lending's responsiveness and adaptability with formal lending's financial resources in order to better satisfy the financial needs of low-income people.

As NABARD conducted a survey of 43 non-governmental organisations (NGO) across 11 Indian states in 1988-89, they were looking into the workings of Self-Help Groups and the potential for partnership between banks and Self-Help Groups to improve loan delivery for the poor.

In 1989, NABARD began an action research project in which similar funding were given to other non-profit organisations. In 1990, the RBI adopted the Self-Help Group technique as an alternative credit model after conducting an examination of this action research.

Banks were urged by the RBI in July 1991 to participate in NABARD's pilot project and to lend to Self-Help Groups in accordance with NABARD regulations at the time. To allow banks to lend directly to Self-Help Groups, NABARD published rules in 1992. These standards are still in effect today. The Self-Help Group - Bank Linkage Program was started in 1992 based on these initial experiences. As a result, NABARD has worked to promote and monitor the Self-Help Group programme, offer funding for the development of capacity and innovation, and assist in policy changes that have contributed to establish an encouraging atmosphere.

From 1991 to 1992, NABARD ran 92 pilot programmes on bringing Self Help Groups and Banks together in various parts of the country. Commercial banks received specific recommendations in February 1992 outlining the pilot project's modalities. In May 1993, the programme was expanded to include regional rural banks and cooperative banks. The NABARD rules for the implementation of the pilot project gave participating banks a lot of leeway to come up with creative solutions and to observe the differences at the ground level. With minimum documentation and simpler procedures, it aimed to provide loans to rural self-help groups through the banking system.

After 1996, the Self-Help Groups in India began to play a role in the financial system. Only 20 people are in each group, and they are informal and homogeneous. A minimum group size of 20 has been mandated by Indian law since any group greater than this must be registered. Due to the vast scale of the free rider problem and high default rates in large groupings, the payback rate is typically lower in these situations.

After a sluggish start, the SHG-Bank Linkage Program is now moving at break-neck pace. Reserve Bank of India, central and state governments of India, as well as thousands of NGOs and the financial industry, as well as multilateral institutions, such as the International Fund for Agricultural Development, have all given it their full support.

As of March 2005, 1618456 Self-Help Groups had received loans totaling more than 24 million disadvantaged families, making it the world's largest microfinance venture.

2. LITERATURE REVIEW:

Branchless banking has been studied as a way to increase access to banking services in India (L.S.Subramanian, 2013). The study looked at the advantages of branchless banking in India, as well as the role of the Indian government and the Reserve Bank of India in attaining financial integration. The author investigated Syndicate Bank's Branchless Banking Concept since the bank effectively adopted the method and met its financial inclusion goals for 2012-13. Branchless banking for Financial Inclusion in India faces significant challenges in terms of

economic viability and transaction costs, according to the study. These challenges can only be overcome by implementing innovative service delivery processes and implementing low-cost, reliable information technology solutions.

In rural development through microfinance, the function of financial services was examined (Christabell & Raj, 2012). The study looked at the extent of financial inclusion in rural India and the growth of microfinance in India using secondary data from several institutions. There are fewer bank branches per person in rural areas than there are in urban areas, according to the survey. There are non-banking financial organisations such as microfinance institutions that aid in the process of bridging the gap between rural and urban areas. In order to make India's microfinance model work properly, the industry's problems must be addressed in a timely manner.

At twenty homes in two Ramanagaram urban shanty towns, the daily monetary inputs and outflows were documented (Kamath, Mukherji, and Ramanathan 2008). (Hajinagar and Ambedkamagar). Loan repayments were examined as one of the most critical parts of a household's budget in the study. Participants in this study must keep monthly financial diaries including their income, expenses, savings, and borrowing. With ten owing more than four MFIs, 19 of the 20 homes studied owed more than two MFIs. Debt repayment expenses are similar to food expenses in these urban poor households. Fewer than two out of every twenty households have a positive net income, but around six out of those six had a positive net inflow in the preceding three months. To calculate the net inflow, you subtract the total of all revenues, loans, and expenditures from the total. The study's conclusion is that because they couldn't get enough money from a single source, they approached a range of lending organisations, which increased the cost of loans. Because of this, they ended up in debt.

An inclusive financial system that benefits the poor in rural India requires rethinking of India's rural finance strategy, says (Basu, 2005). Rural and disadvantaged households need flexible commodities and composite financial services adapted to their needs and aspirations. According to the findings, measures aimed at increasing access to money for the impoverished have failed to achieve their goals. RFAS 2003 states that all official institutions require bribes prior to authorising loans, and the procedures for opening an account or requesting an expensive and high-refusal loan are lengthy and expensive. Consequently, it is critical to make it as simple as possible to open a bank account and to obtain credit,

It was found that financial inclusion had an impact on the economic and overall well-being of saral saving account holders in the Hunsur taluka in the Mysore district (Uma.H.R, Rupa, and Madhu.G.R, 2013). People's economic status was assessed by looking at characteristics such as land ownership and the ownership of electronic goods, vehicles, tools and equipment.. Before and after data on safe drinking water, electricity use, toilet facilities, telephone and mobile phone usage were collected to establish the general status.. Read more.. A person's financial situation and general standing increases when they get financially involved.

The state of financial inclusion in Gujarat was examined (Bambuwala & Shukla, 2017). Rural areas in Gujarat have more bank branches than metro, urban, and semi-urban areas, according to a survey. Having bank offices in rural areas has benefited the government's efforts to assure the availability of essential financial services. Even with Micro ATMs installed, there were only 4,866 of the total 5,860 BCs used by banks in the state that were operational.

Koorse & S.Kavitha (2015) assessed the trend of banking penetration in Tamilnadu by employing KCC (No frills account), GPCC (overdraft in no-frill accounts), SHG Credit Linkage, and FLCCC. less KCCs are being given, according to the findings of this study. No-frill account overdrafts and BSBDA/no frill accounts have both grown in popularity in recent years. A substantial effort in financial literacy was made with the FLCCCs and RSETs. Each of Tamilnadu's districts now has at least one FLCCC and at least one RSET. Banking institutions appear to have effectively penetrated a significant portion of the state of Tamilnadu, according to data.

3. RESEARCH METHODOLOGY:**RESEARCH OBJECTIVES:**

- To assess the SHG scheme's implementation in the Ahmedabad district.
- To determine the effect of the SHG plan on respondents' saving habits.

RESEARCH METHODOLOGY:

Members of a SHG in a hamlet in Gujarat were randomly selected to participate in the study. There were three methods used by the researchers to examine the data: chi square, two tails, and one sample tests.

4. DATA ANALYSIS:

Chi-square Testing			
Statement	Pearson Chi-square	P Value	Decision
There is no significant relation between block of the respondents and awareness of PMJDY amongst of the respondents	15.387	0.023	The null hypothesis is rejected
There is no significant relation between block of the respondents and perception of respondents towards PMJDY is helpful in enhancing saving habits	89.277	0.048	The null hypothesis is rejected

One Sample Test		
Statement	P Value	Decision
Respondents do not believe that opening account and availing banking facilities under PMJDY is hassle free	0.041	The null hypothesis is rejected

Two Tail Test		
Statement	P Value	Decision
There is no significant difference between frequency of saving before and after FI scheme	0.8347	The null hypothesis is accepted

CONCLUSION:

The study found that if the self-help group programme is correctly executed, it can help women transition into mainstream financial services. Due to a lack of information and supervision from any regulatory agency, rural women are particularly vulnerable to financial fraud. This means that upgrades in infrastructure and municipal government involvement are possible. We can all benefit from working together to help rural women secure their finances and make better financial decisions.

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